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DEPARTMENT OF COMMERCE

International Trade Administration

(A-201-847)

Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico: Final Determination of Sales at Less Than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) determines that heavy walled rectangular welded carbon steel pipes and tubes (HWR pipes and tubes) from Mexico are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 735(a) of the Tariff Act of 1930, as amended (the Act). The period of investigation (POI) is July 1, 2014, through June 30, 2015. The final dumping margins of sales at LTFV are listed below in the “Final Determination” section of this notice.

DATES: Effective [Insert date of publication in the Federal Register.]

FOR FURTHER INFORMATION CONTACT: Blaine Wiltse or David Crespo, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-6345 or (202) 482-3693, respectively.

SUPPLEMENTARY INFORMATION:

Background

On March 1, 2016, the Department published the Preliminary Determination.<sup>1</sup> A summary of the events that occurred since the Department published the Preliminary Determination, as well as a full discussion of the issues raised by parties for this final

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<sup>1</sup> See Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes From Mexico: Affirmative Preliminary Determination of Sales at Less Than Fair Value, 81 FR 10587 (March 1, 2016) (Preliminary Determination).

determination, may be found in the Issues and Decision Memorandum, which is hereby adopted by this notice.<sup>2</sup>

### Scope of the Investigation

The scope of the investigation covers HWR pipes and tubes of rectangular (including square) cross section, having a nominal wall thickness of not less than 4 mm. For a complete description of the scope of the investigation, see Appendix I.

### Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum. A list of the issues raised is attached to this notice as Appendix II. The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov> and it is available to all parties in the Central Records Unit, room B-8024 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/index.html>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

### Verification

As provided in section 782(i) of the Act, in February and March 2016, we conducted verification of the sales and cost information submitted by Maquilacero S.A. de C.V. (Maquilacero) and Productos Laminados de Monterrey S.A. de C.V. (Prolamsa) for use in our final determination. We used standard verification procedures, including an examination of

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<sup>2</sup> See Memorandum to Paul Piquado, entitled, "Issues and Decision Memorandum for the Final Affirmative Determination in the Less-Than-Fair-Value Investigation of Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico," dated concurrently with this memorandum (Issues and Decision Memorandum).

relevant accounting and production records, and original source documents provided by Maquilacero and Prolamsa.<sup>3</sup>

#### Changes Since the Preliminary Determination

Based on our analysis of the comments received and our findings at verification, we made certain changes to the margin calculations for Maquilacero and Prolamsa. For a discussion of these changes, see the “Margin Calculations” section of the Issues and Decision Memorandum.

#### All-Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated all-others rate shall be an amount equal to the weighted-average of the estimated weighted-average dumping margins established for exporters and producers individually investigated excluding any zero or de minimis margins, and margins determined entirely under section 776 of the Act. For the final determination, the Department calculated the “all-others” rate based on a weighted average of Maquilacero’s and Prolamsa’s margins using publicly-ranged quantities of their sales of subject merchandise.<sup>4</sup>

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<sup>3</sup> See Memorandum to the File from Blaine Wiltse and David Crespo, Senior Analysts, entitled, “Verification of the Sales Response of Maquilacero S.A. de C.V. in the Antidumping Duty Investigation of Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico,” dated April 15, 2016; Memorandum to the File from Frederick W. Mines, Accountant, and Robert B. Greger, Senior Accountant, entitled, “Verification of the Cost Response of Maquilacero S.A. de C.V. in the Antidumping Duty Investigation of Heavy Walled Rectangular Welded Carbon Steel Pipe and Tube from Mexico,” dated May 11, 2016; Memorandum to the File from David Crespo, Senior Analyst, and Manuel Rey, Analyst, entitled, “Verification of Prolamsa USA in the 2014-2015 Antidumping Duty Investigation of Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico,” dated May 9, 2016; Memorandum to the File from David Crespo and Blaine Wiltse, Senior Analysts, entitled, “Verification of the Sales Response of Productos Laminados de Monterrey S.A. de C.V. in the Antidumping Duty Investigation of Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico,” dated May 11, 2016; Memorandum to the File, from David Crespo and Blaine Wiltse, Senior Analysts, entitled, “Verification of the Sales Response of a Reseller in the Antidumping Duty Investigation of Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico,” dated May 17, 2016; and Memorandum to the File from Robert B. Greger, Senior Accountant, entitled, “Verification of Productos Laminados de Monterrey, S.A. de C.V. in the Antidumping Duty Investigation of Heavy Walled Rectangular Welded Carbon Steel Pipes & Tubes from Mexico,” dated March 31, 2016.

<sup>4</sup> See Memorandum to the File from David Crespo, Senior Analyst, entitled, “Calculation of the All-Others Rate for the Final Determination in the Less-Than-Fair-Value Investigation of Heavy Walled Rectangular Welded

### Final Determination

The final weighted-average dumping margins are as follows:

Exporter/Manufacturer	Weighted-Average Dumping Margin (percent)
Maquilacero S.A. de C.V.	3.83
Productos Laminados de Monterrey, S.A. de C.V.	5.21
All-Others	4.91

### Disclosure

We will disclose the calculations performed within five days of the date of any public announcement of this determination to parties in this proceeding in accordance with 19 CFR 351.224(b).

### Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, the Department will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all appropriate entries of HWR pipes and tubes from Mexico, as described in Appendix I of this notice, which were entered, or withdrawn from warehouse, for consumption on or after March 1, 2016, the date of publication of the preliminary determination of this investigation in the Federal Register.

Further, the Department will instruct CBP to require a cash deposit equal to the estimated amount by which the normal value exceeds the U.S. price as shown above.

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Carbon Steel Pipes and Tubes from Mexico,” dated July 14, 2016. With two respondents, we normally calculate (A) a weighted-average of the dumping margins calculated for the mandatory respondents; (B) a simple average of the dumping margins calculated for the mandatory respondents; and (C) a weighted-average of the dumping margins calculated for the mandatory respondents using each company’s publicly-ranged values for the merchandise under consideration. We compare (B) and (C) to (A) and select the rate closest to (A) as the most appropriate rate for all other companies. See Ball Bearings and Parts Thereof From France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part, 75 FR 53661, 53663 (September 1, 2010).

#### International Trade Commission (ITC) Notification

In accordance with section 735(d) of the Act, we will notify the ITC of the final affirmative determination of sales at LTFV. Because the final determination in this proceeding is affirmative, in accordance with section 735(b)(2) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports of HWR pipes and tubes from Mexico no later than 45 days after our final determination. If the ITC determines that material injury or threat of material injury does not exist, the proceeding will be terminated and all cash deposits will be refunded. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

#### Notification Regarding Administrative Protective Orders (APO)

This notice serves as a reminder to parties subject to APO of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination and this notice are issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: July 14, 2016

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Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

## **Appendix I**

### **Scope of the Investigation**

The products covered by this investigation are certain heavy walled rectangular welded steel pipes and tubes of rectangular (including square) cross section, having a nominal wall thickness of not less than 4 mm. The merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A-500, grade B specifications, or comparable domestic or foreign specifications.

Included products are those in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.0 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium.

The subject merchandise is currently provided for in item 7306.61.1000 of the Harmonized Tariff Schedule of the United States (HTSUS). Subject merchandise may also enter under HTSUS 7306.61.3000. While the HTSUS subheadings and ASTM specification are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Issues and Decision Memorandum**

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Margin Calculations
- V. Discussion of the Issues
  - 1. Weight Basis for Comparison Methodology
  - 2. Home Market Rebates
  - 3. Home Market Commission Expenses
  - 4. Miscellaneous Adjustments Resulting from Sales Verification
  - 5. Purchases of Hot-Rolled Coils (HRC) from an Affiliated Supplier
  - 6. Interest Income Offsets
  - 7. Other Cost Corrections at Verification
  - 8. Level of Trade (LOT)
  - 9. Constructed Export Price (CEP) Offset Claim
  - 10. Affiliated Reseller Warehousing Expenses
  - 11. Credit Expenses
  - 12. U.S. Indirect Selling Expenses (ISE)
  - 13. Scrap Offset
- VI. Recommendation

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